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C O N F I D E N T I A L RABAT 001643

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DEPT FOR NEA/MAG AND EB/ESC  
USDOC FOR ITA/MAC DAVID ROTH AND AARON BRICKMAN  
USDOE FOR GINA ERICKSON AND YOUNES MASIKY  
STATE PASS USAID FOR CYNTHIA JUDGE

E.O. 12958: DECL: 08/25/2015  
TAGS: [ENRG](#) [ECON](#) [SENV](#) [MO](#)  
SUBJECT: FURTHER ON MOROCCO'S NUCLEAR ENERGY PLANS

REF: A. RABAT 732  
[1](#)B. RABAT 151

Classified By: Economic Counselor Stuart Smith, Reasons 1.4 (b and d).

[1](#)1. (C) Summary: Economic and Commercial Counselors called on National Electricity Office (ONE) Chairman Younes Maamur on August 18 in Casablanca to learn more about ONE's plans to develop nuclear energy to help meet Morocco's burgeoning demand for electricity, a program in which he had earlier told the Ambassador he hoped to see American companies participate. With demand rising by 8-9 percent per year, Maamur said the country needs to add 500-600 MW in production facilities annually. While he anticipates that coal, gas, wind and hydro projects will meet the demand in coming years, Maamur said ONE envisions presenting a plan to GOM policymakers for construction of a 1000 MW nuclear power plant that could come on line in 2014/15. ONE has been in contact with Korean, Russian, French and British officials, and would like to add the U.S. to the mix as well. The company wants to test the market on a nonbinding basis, he explained, and will invite 3-4 suppliers to assess the economic and technical feasibility of its plans. Maamur expressed hope that Westinghouse would be among those who participate in the process. In the meeting, Maamur also outlined his concern with the "unbalanced" Moroccan-Algerian energy relationship, suggesting Moroccan electrical support for its neighbor may not continue forever. End Summary.

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Rising Demand  
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[1](#)2. (SBU) Maamur briefly reviewed the ground he covered in his earlier meeting with the Ambassador in April (ref A), stressing the "good problem" the company faces of steady growth in demand-- 8 percent over the last three years, 8.7 percent this year, and a base case for the future of 9 percent. The challenge is on the production side to equilibrate supply and demand, he said, as chronic delays in bringing new production facilities online leave Morocco on the verge of facing a load-sharing situation. His priority, he stressed, is to avoid such a bottleneck, while also seeking to make energy available at the lowest possible price. (Note: A newly approved rate increase was headlined ONE's "summer gift" in local papers last week, and the politically sensitive issue will become even more so as next

year's parliamentary elections approach. End Note.)

13. (SBU) Increasing demand, Maamur said, requires that Morocco bring on-line 500-600 MW per year in new capacity, necessitating investment of \$1.2 to \$1.5 billion per year. Maamur judged that it is not the best use of public resources for ONE or the GOM to shoulder this bill. Rather national policy is to mobilize private investment in power production to meet demand, and focus government resources on upgrading the country's transmission grid and in further rural electrification. Regarding upcoming projects, Maamur said ONE will soon launch an IPP for a 1200 MW coal fired plant in Agadir. It had planned to bring an 800 MW natural gas fired plant on line in 2008, but supply difficulties with Algeria have held up that plan. Hence, ONE is devoting increasing attention to other potential energy sources to diversify its sources of supply. These include a liquified natural gas port project on the Atlantic coast, renewable energy sources-- principally wind and hydro-power, and nuclear power.

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The Nuclear Option  
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14. (SBU) Maamur noted that Morocco has had preliminary discussions about its nuclear plans with the International Energy Agency (IEA), to update its technical alternatives (competing Russian, Canadian, and European/American designs) and to identify a potential site for the plant on the coast near Safi. In addition to the U.S., it has also discussed the issue with diplomatic representatives from Russia, Korea, Britain and France. ONE's goal is to develop a proposal for a 1000 MW nuclear plant that could come into service in 2014 or 2015. To that end, Maamur is preparing an information memo for "the Westinghouses of the world" to ask them on a "non-binding basis" what sort of project they could propose for Morocco. He characterized it as something between a "prequalification and a proposal," and said it will be used to "test the market and update Morocco's technical options from the source." Stressing that ONE had not yet finalized a list, he asked for Mission and USG assistance in contacting Westinghouse and/or other suppliers who might be interested in responding to such an appeal. He also expressed interest in U.S. assistance in identifying other issues surrounding nuclear power, including environmental and other considerations.

15. (SBU) Maamur said that with this updated technical dossier, ONE would then approach GOM decisionmakers for their "political approval" of pursuing a nuclear energy option. In the meantime, it also hoped to work with the U.S. and others to ensure that the range of issues surrounding nuclear power (from environment to safety, etc.) were thoroughly covered.

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Issues with Algeria  
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16. (C) In addressing his supply challenges, Maamur elaborated on his frustrations with Algeria, arguing that the overall energy relationship is very unbalanced. Morocco supplies important assistance by providing 100 MW daily to help Algeria meet its peak demand. That supply, he noted, also plays an important role in helping stabilize the Algerian grid (just as Morocco's interconnection with Spain stabilizes Morocco's system). Notwithstanding this fact, Morocco has not received the 1 billion cm in gas to which it is entitled as a transit fee for Algeria's gas pipeline to Spain, forcing postponement of the planned gas plant. Maamur noted that he recently went to Algeria to seek a more equitable arrangement. His readout of the visit was mixed: while he believes the Algerian Minister, with whom he worked at the World Bank, understands that the current dynamic cannot last forever and is ready to find a solution, he is not sure how quickly this can occur given the "inertia" in the Algerian system. His scepticism, he added, stems too from the fact that while Algeria has demurred on meeting its obligation by saying that all its gas is pledged, it also offered a power

plant on the Moroccan-Algerian border to provide energy, clearly indicating this was not the case. His goal now, he explained, is to contractualize all exchanges with Algeria, and then take a hard look at them. "I am looking to preserve our interests," he said, stressing that if change comes, it would not be for political reasons, but for prudent management of Morocco's resources.

17. (SBU) Comment: As related reftels, Maamur is an articulate and poised technocrat, who appears determined to shake up Morocco's electricity monopoly and instill a less statist culture. FCS is working to contact Westinghouse and other companies that may be interested in taking part in ONE's plans. End Comment.

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